APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

Anne B. Pope
Federal Co-Chair

August 9, 2004

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, D.C. 20554

RE: WC Docket No. 02-60, In the Matter of Notice of Proposed Rulemaking Regarding the Universal Service Support Mechanism for Rural Healthcare, and Other Issues Pertaining to Rural Healthcare

Dear Ms. Dortch:

I am writing to discuss issues related to the use of the universal service support mechanism for rural healthcare providers throughout Appalachia. These comments are not confined to the issues contained in WC Docket No. 02-60. Rather, they focus more broadly on steps that could be taken to increase the use of the healthcare subsidy by rural healthcare providers in Appalachia, and thereby expand access to critical healthcare services across the region.

The Appalachian Regional Commission (ARC) has a long history of working on both healthcare and telecommunications issues across the 13-state Appalachian region. Appalachia experiences major gaps in telecommunications services, and the region disproportionately suffers from a variety of major health challenges. Recognizing the importance of telecommunications access and improved health care to the region's future economic development, ARC has devoted special attention to both telecommunications and health care. Over the past 5 years, for example, we have spent more than $20 million to expand telecommunications access and use in the region. Many of these projects have had strong telemedicine and telehealth components. We applaud the FCC's commitment to addressing these challenges in Appalachia.

As the FCC considers the proposed rulemaking in WC Docket No. 02-60, as well as other potential actions that could improve the effectiveness of the universal service support mechanism for rural healthcare, I encourage the Commission to consider the following points:

Eligibility

- It would be helpful to use a more expansive definition or the term "rural" for determination of eligibility for the subsidy mechanism. A broader

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definition that allows more providers to qualify would be beneficial to a number of areas in Appalachia. Currently, some rural areas get rolled up in the MSA of a surrounding city, which prevents the rural healthcare providers from participating in the subsidy plan.

- Even within the proposed definition of rural, there are many rural clinics that are not public or non-profit entities. Yet these small clinics are vital in underserved communities. Allowing the subsidy to flow to small for-profit clinics or to for-profit hospitals, particularly where it can be clearly demonstrated that the facility is providing a substantial volume of indigent health care to local residents, would greatly increase the participation in the program and yield improved healthcare delivery in Appalachia.

  As you know, the Appalachian region has many Health Professional Shortage Areas [HPSA's] as identified by the Department of Health and Human Services, and this relaxation of the non-profit rule could greatly benefit HPSA's in Appalachia that are served by for-profit clinics and for-profit hospitals. ARC currently operates a J-1 Visa Waiver program, which enables foreign physicians to practice in HPSA's in Appalachia. We permit these physicians to serve at for-profit facilities, so long as the providers agree to see patients without regard to ability to pay. Allowing these facilities to be eligible for the universal service subsidy could potentially expand healthcare service in these chronically underserved areas. An expanded definition, then, could provide eligibility for a for-profit provider located in a HPSA and serving low-income and indigent patients.

- The inclusion of additional services in the subsidy, such as the acquisition of equipment and training of professional health staff, could also make a large difference in the number of healthcare service providers that would apply for funding. In the companion FCC - Schools and Library Program, the FCC allows for the acquisition of equipment, and it is recommended that rural healthcare service providers be afforded this same level of support. If a rural healthcare service provider has an existing affiliation with a larger medical facility, but does not have the right type of telemedicine equipment, or cannot afford to purchase the appropriate equipment, a subsidy for line charges is meaningless.

  ARC has seen, for example, telemedicine demonstrations where detailed radiology pictures or digitally enhanced heart monitoring pictures can be sent from very remote rural locations and be read in "real-time" by a specialist in another area of the state or of the country. This type of access to improved healthcare works only when the rural facility has the proper equipment. It is recommended that the FCC consider funding both equipment acquisition, and the necessary training, along with the current line subsidy program. The ARC believes that if these two amendments

are added to the subsidy, this would be a significant help to rural healthcare service providers and the patients they serve.

Application Process

- Any steps that can be taken to further simplify the application process would be advantageous. ARC's understanding is that some health service providers elect not to participate because the application process is considered to be to complex and cumbersome, and the amount of subsidy is not enough to warrant the effort to file an application annually. Current rules require a new application every year instead of permitting recipients to renew an application from one year to another. Rural healthcare service providers frequently experience critical staff changes, and this directly relates to the expertise necessary to properly complete the application process.

  Either the initial subsidy should be available for a longer period of time—for example, three years—or the grantee should be able to file "on-line" a report outlining for the next funding cycle exactly what their current usage patterns are, and their projected usages for the next year. In this manner the entire process of initially filing an application would be followed by a simple certified electronic report in future years.

Subsidy Amount

- Increasing the Internet subsidy from 25% to 50% will entice more rural health care service providers to apply for the funding, especially those providers that are undertaking more Informatics applications. Obviously, as the subsidy gets bigger, it becomes more valuable to the potential recipients to file an application.

I recognize the Federal Communications Commission may not be able to address all these issues under the current statute, but these comments reflect the kinds of changes, based on our experience, that could significantly expand access to quality healthcare in Appalachia.

Over the past several months, ARC staff and FCC staff have had a number of productive discussions about how the universal service support mechanism can improve healthcare in the region. On July 28, 2004, Guy Land, Mark DeFalco and Harry Roesch of ARC met with Gina Spade and other FCC staff to discuss both WC Docket No. 02-60 and broader issues affecting the operation of the universal service subsidy for rural healthcare.

We appreciate the willingness of the FCC to explore these issues with us, and we look forward to working with you in a common effort to expand access to healthcare in Appalachia.

Sincerely,

Anne B. Pope
Federal Co-Chair